

PUBLIC DISCLOSURE

September 22, 2008

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**UBS Bank USA
Certificate Number: 57565**

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Salt Lake City, Utah 84111**

**Federal Deposit Insurance Corporation
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San Francisco, California 94105**

NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

*This document is an evaluation of the CRA performance of **UBS Bank USA (UBS)** prepared by the **Federal Deposit Insurance Corporation**, the institution's supervisory agency, as of **September 22, 2008**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 345.*

INSTITUTION'S CRA RATING

UBS is rated “**Outstanding**” based on its exceeding each of the CRA Strategic Plan (Plan) goals for outstanding performance during the Plan years 2005 – 2007. This rating represents a continuation of the outstanding rating received at the prior June 20, 2005, CRA examination.

SCOPE OF THE EVALUATION

UBS elected to be evaluated under the Plan option for CRA. Under this option, a bank establishes a regulatory approved Plan, with measurable goals detailing how it will meet the requirements of the CRA in its assessment area based on an evaluation of needs, the financial institution's capacity, and input from the public. The UBS original Plan, approved by the FDIC on March 11, 2004, covers the entire years of 2004 – 2006. The current examination analyzed years 2005 and 2006 of the original Plan, and year 2007 of the bank's current Plan, approved June 19, 2007.

For each respective year, the Plan outlines measurable goals for both Satisfactory and Outstanding performance under a combined Community Development Lending/Investment (CDL/CDI) test, and a Community Development Service (CDS) test. Plan goals are based on whole-year performance, therefore, this CRA examination did not evaluate year 2008.

CONCLUSIONS

UBS has achieved its Plan goals for outstanding performance for each of the three Plan years analyzed (2005-2007). Bank management and the Board of Directors continue to be highly proactive with regard to assessing the needs of its community and providing extensive time and resources in addressing those needs. The bank's CRA staff is extremely engaged and competently led by the CRA officer.

Combined Lending/Investment Test - UBS has met the requirements established under its Plan for an overall "Outstanding" rating under the CDL/CDI goals. During Plan year 2005, the bank had outstanding funded/committed loans of over \$144 million in CDL/CDI and donations in its local market, representing 0.80 percent of average assets. During Plan year 2006, the bank's CDL/CDI levels increased to \$177 million, or 0.89 percent of average assets. For Plan year 2007, these values rose to \$269 million, or 1.15 percent of average assets.

During the assessment period, the bank's average assets grew by 50 percent, compared to the bank's total CDL/CDI growth of 274 percent during this same time frame. The majority of the bank's CDL/CDI activity for each year was centered in mortgage backed securities (MBS), at roughly 72 percent. The bank purchased 39 MBS pools funding 1,484 mortgages to low- and moderate-income (LMI) borrowers. A review of the underlying mortgages determined that they were traditional fixed-rate loans extended to LMI borrowers with prime Fair Isaacs Company (FICO) scores.

UBS has doubled its equity investment in an innovative local university, student operated venture capital fund it helped to establish, that is dedicated to funding qualified community development start-up businesses. During the assessment period, the fund invested in 13 small start-up businesses.

CDLs that were funded during the assessment period include loans to the Utah Housing Authority, the Utah Community Reinvestment Corporation, and the Community Development Corporation of Utah. The bank also participated in a loan to help develop a community health center in Ogden, and the Children's Tree House located in Ogden's redevelopment zone.

Service Test - UBS has met the requirements established under its Plan for an overall "Outstanding" rating under the service test for each of the Plan years. Bank employees have contributed significant time, expertise, and resources to entities that assist LMI individuals and small businesses.

In addition, no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

DESCRIPTION OF INSTITUTION

UBS is a \$27 billion federally insured Utah Industrial Bank which began operations on September 9, 2003. UBS is a wholly-owned subsidiary of UBS Americas, Inc. (UBSAI), a Delaware corporation located in Stamford, Connecticut, which is a wholly-owned subsidiary of the ultimate parent, UBS AG in Zurich, Switzerland. UBSAI was organized on November 3, 2000, when UBS AG acquired 100 percent ownership in the Paine Webber Group. It functionally serves as a holding company for most of UBS AG's operating entities in the United States and does not conduct operations of its own. UBS AG is a global financial services company with total assets of approximately \$2 trillion as of June 30, 2008, and is the largest bank in Switzerland. UBS AG operates directly or through wholly-owned subsidiaries in over 50 nations, including the United States.

UBS is a specialized entity that offers limited loan and deposit services to existing and future clients of affiliate UBS Financial Services, Inc. (UBSFS), which is the registered brokerage arm of UBS AG. Customers are strictly high net worth individuals and/or corporations located throughout the world. The bank primarily operates out of a single location in downtown Salt Lake City, Utah. Approximately 45 employees are located at the Salt Lake City office, while 2 employees work out of the parent building, UBSAI, in Stamford, Connecticut.

UBS primarily offers securities based loan products fully collateralized by marketable equity and fixed income securities. These loans are offered via three products: the Premier Variable Credit Line, the Premier Fixed Credit Line, and the Prime Variable Credit Line. The Prime Variable Credit Line uses the Wall Street Journal Prime, with credit lines ranging from \$25,001 to \$249,999. The Premier Variable Credit Line uses the London Interbank Offered Rate (LIBOR), with a loan size ranging from \$250,000 and up. The fixed rate product requires a minimum \$500,000 loan with minimum \$250,000 draws.

The bank's primary funding source consists of brokered deposits of excess cash in UBSFS that is swept into the bank on a daily basis. Deposit products offered to customers consist of money market deposit accounts (MMDA) and negotiable order of withdrawal (NOW) accounts. The bank does not offer demand or time deposits.

As of June 30, 2008, the bank reported total assets of \$27,316,033,000, with total loans of \$13,287,227,000 and total deposits of \$24,422,373,000. During the bank's 2007 Plan year, the bank's total assets grew 14 percent, from \$22 billion to \$25 billion, with growth relatively evenly split between loans and trading account assets.

As of June 30, 2008, the bank's loan mix was as follows:

Loan Portfolio Mix as of June, 2008

Loan Type	Total Dollar Amount	Percentage of Loan Portfolio
Securities Based Loans to Commercial Entities	6,790,559,000	51%
Securities Based Loans to Private Individuals	6,315,693,000	48%
Other Loans	178,254,000	1%
Residential Real Estate *	2,721,000	nominal
Total Loans	13,287,227,000	100.00

SOURCE: Examiner developed table * Represents a pool of loans extended as part of the bank's CRA program.

DESCRIPTION OF ASSESSMENT AREA

SALT LAKE COUNTY - METROPOLITAN STATISTICAL AREA (MSA) #41620

The bank has defined Salt Lake County as its assessment area, which comprises 193 contiguous census tracts (CTs) and is part of the Salt Lake City, Utah Metropolitan Statistical Area MSA – #41620, which also includes Summit and Tooele Counties. The MSA Median Family Income (MFI) for Salt Lake County, determined by the Department of Housing and Urban Development (HUD), was \$61,550 for 2005, \$61,300 for 2006, and \$60,100 for 2007.

The following table reflects the CT income and population breakdown of Salt Lake County as determined by the 2000 U.S. Census:

Salt Lake County CT Characteristics

CT INCOME LEVEL	NUMBER OF TRACTS	%	POPULATION	%
Low Income Tract	5	3	7,627	1
Moderate Income Tract	43	22	211,552	23
Middle Income Tract	90	47	438,603	49
Upper Income Tract	55	28	240,605	27
Total Salt Lake County Tracts	193	100	898,387	100

Source: 2000 U.S. Census

Major employers in Salt Lake County include Intermountain Health Care; the State of Utah; the Hill Air Force Base; the University of Utah; Pacificorp – Utah Power; the Granite and Jordan School Districts; the Internal Revenue Service; the Smiths Food and Drug Centers; the Wal-Mart District Office; C.R. England; and Delta Air Lines. The county is also home to most of the major insured financial institutions in the state, including regional banks, credit unions, and industrial banks.

Salt Lake County is in the heart of Utah's economic core, with Salt Lake City and surrounding suburbs the major metropolitan area within the county. The Salt Lake Valley is home to nearly 1 million residents and 40,000 businesses. According to the Utah Department of Workforce Services, an estimated 63,000 Utah workers were employed in technology jobs at year end 2006. Utah is one of the fastest growing states in the country and ranks 35th in the nation in population growth.

According to 2005 D&B data, 101,614 businesses were located in the county with 9 percent of them located in low-income tracts and 23 percent in moderate-income tracts. Small businesses with annual revenues of \$1 million or less make up 88 percent of this total. Thirty-eight percent of all households in Salt Lake County resided in LMI CTs according to the 2000 U.S. Census. Of the 295,290 households, 20 percent were classified low-income, 18 percent moderate-income, 23 percent middle-income, and 39 percent upper-income.

Assessment Area Economic Outlook

Utah is enjoying a robust expansion, with job growth running at about triple the national pace. The construction industry still leads job growth, despite a contraction in homebuilding, but manufacturing payrolls are declining after three years of strong growth. Service industry employment is also growing at far above the national pace. Population growth in the Salt Lake Valley remained well above average in 2007, but has slowed over the past two years.

BANK'S IDENTIFICATION OF ASSESSMENT AREA NEEDS

UBS identified the following areas to focus its community development efforts in meeting its CRA responsibilities:

- **Regional Loan Funds** – Funds that focus on community development activities such as affordable housing for single family residential or multifamily rental housing.
- **Community Development Financial Institutions** – Supporting any institution that serves market segments consistent with UBS's overall community development objectives.
- **Affordable Housing Developers (Non-Profit and For-Profit)**
- **Microfinance Loan Funds** - Entities that provide management and financing support to owners of start-up and existing small businesses that do not have access to traditional funding sources, particularly those that are socially and economically disadvantaged.
- **Tax Credit Syndication Funds and/or New Markets Tax Credits**

- **Revitalization or Stabilization of LMI Geographies** – Entities involved with revitalization or stabilization of LMI geographies, designated disaster areas, or distressed or underserved middle-income geographies.

Community Contacts

Numerous contacts were made during 2007 that targeted credit and other financial services and community needs within the Salt Lake County assessment area. These were reviewed in conjunction with this evaluation. The contacts revealed a strong ongoing need for affordable housing, including multi-family housing as well as single family residences. Other needs identified include: credit, homebuyer, pre-purchase counseling, and other related financial education training targeting adults as well as student-age children; economic development in areas identified by various governments for rehabilitation; healthcare for LMI families and individuals; and childcare for LMI families during the workday, including after-school programs for “at-risk” youth.

DISCUSSION OF ASSESSMENT AREA CRA PERFORMANCE

A summary of UBS’ 2005 through 2007 Plan Lending/Investment, Service test goals, and its actual performance pertaining to each goal is detailed on the following pages. Each of the two performance test criteria have measurable requirements needed for the institution to achieve either a “Satisfactory” or “Outstanding” level of CRA performance.

GOAL 1: COMMUNITY DEVELOPMENT LENDING/INVESTMENT (CDL/CDI) TEST

UBS has met the requirements established under its Plan for an overall “Outstanding” rating under the combined CDL/CDI test. Despite its limited tenure, UBS has established a large and diversified portfolio of qualified community development funding assets that serve the low-income housing, small business, and various non-profit needs of its community. On the investment side, the bank has met assessment area needs through the acquisition of qualifying MBS, municipal bonds, equity investments, and through charitable contributions. On the lending side, the bank has extended credit through affiliations with third parties to provide affordable housing, and financial education and development to economically disadvantaged youth.

UBS CDL/CDI GOAL: Achieve a volume of combined and cumulative CDL/CDI equal to a predetermined percentage of the bank’s average assets for each Plan year. The cumulative amount for any Plan year will include (1) the total of the bank’s CDL/CDI outstanding at the end of any prior year, plus (2) the amount of all new CDL/CDI extended during the current Plan year, including any loans or investments that originated and paid-off during the current year.

For Plan year 2005, the bank determined that a volume of CDL/CDIs equal to 0.40 percent of average assets* would establish the minimum goal for satisfactory performance, and a ratio of 0.60 percent would be the level needed to achieve outstanding performance.

For Plan year 2006, the respective investment to average asset ratios thresholds increased to 0.60 percent for satisfactory performance, and 0.80 percent for outstanding performance.

For Plan year 2007, the respective investment to average asset ratios thresholds increased to 0.80 percent for satisfactory performance, and 1 percent for outstanding performance.

* The bank's average assets for any given Plan year is calculated using the amounts from line 9 of schedule RC-K (Quarterly Averages) from the bank's four quarterly Call Reports, for the respective Plan year. The following table shows the bank's average assets for 2005 – 2007.

Year	Schedule RC-K Average Assets
2005	18,105,541,000
2006	19,970,590,000
2007	23,421,303,750

Source: Call Reports

CDL/CDI ACTIVITY AS A PERCENT OF AVERAGE ASSETS

The following table reflects the bank's respective combined CDL/CDI goals for each of the three Plan years being evaluated, followed by descriptions of its efforts in meeting those goals:

COMBINED 2005 CDL/CDI GOALS

Plan Year	Bank Performance		Bank Established Goals			
	Actual CDL/CDI Activity		CDL/CDI Volume Needed to Achieve Satisfactory Performance		CDL/CDI Volume Needed to Achieve Outstanding Performance	
	As a % of Avg. Assets	Stated in \$	As a % of Avg. Assets	Stated in \$	As a % of Avg. Assets	Stated in \$
2005	0.80	144,203,323	0.40%	72,442,164	0.60%	108,633,246

Source: Bank Records

As the above table indicates, the bank has met its combined 2005 CDL/CDI goals for outstanding performance. The following tables breakout the various investment/loan activities.

2005 QUALIFIED CDL ACTIVITY

2005 Qualified Loans	Loans/Commits Carried Forward	2005 Loan Commits/ Acquisitions	Total 2005 CDL Activity
Utah Housing Corporation	3,254,700	4,233,357	7,488,057
Community Development Corp (CDC)	3,000,000	0	3,000,000
Utah Community Reinvestment Corp	0	6,200,000	6,200,000
Salt Lake Community Action Program	0	315,000	315,000
Children's Treehouse Museum	0	1,500,000	1,500,000
Sprenger Lang Foundation	0	11,000,000	11,000,000
2005 CDL Totals	6,254,700	23,248,357	29,503,057

Source: Bank Records

2005 QUALIFIED CDI ACTIVITY

2005 Qualified Investments	Carryover from Prior Years (Book Value)	New 2005 Investments (Purchase Value)		TOTAL
	Amount	#	Amount	Amount
Mortgage Backed Securities	44,793,765	1	59,123,311	103,917,076
Municipal Utah Housing Bonds	4,875,000	21	3,100,000	7,975,000
University Opportunity Fund Equity Investment	2,500,000	1	0	2,500,000
Qualified Grants & Donations	0	17	308,190	308,190
Total Qualified Investments	52,168,765	40	62,531,501	114,700,266

Source: Bank Records

COMBINED 2006 CDL/CDI GOALS

Plan Year	Bank Performance		Bank Established Goals			
	Actual CDL/CDI Activity		CDL/CDI Volume Needed to Achieve Satisfactory Performance		CDL/CDI Volume Needed to Achieve Outstanding Performance	
2006	As a % of Avg. Assets	Stated in \$	As a % of Avg. Assets	Stated in \$	As a % of Avg. Assets	Stated in \$
	089%	176,931,643	0.60%	119,823,540	0.80%	159,764,720

Source: Bank Records

As the above table indicates, the bank has met its combined 2006 CDL/CDI goals for outstanding performance. The following tables breakout the actual investment/loan activity

2006 QUALIFIED CDL ACTIVITY

2006 Qualified Loans	Loans/Commits Carried Forward	2006 Loan Commits/ Acquisitions	Total 2006 CDL Activity
Utah Housing Corporation	4,816,268	0	4,836,268
Community Development Corp (CDC)	3,000,000	0	3,000,000
Utah Community Reinvestment Corp	6,200,000	0	6,200,000
Salt Lake Community Action Program	260,081	0	260,081
Children's Treehouse Museum	1,500,000	0	1,500,000
Sprenger Lang Foundation	11,000,000	0	11,000,000
Midtown Community Health Center	0	750,000	750,000
Volunteers of American	0	10,800,000	10,800,000
Provo Neighborhood Housing	0	350,000	350,000
2006 CDL Totals	26,776,349	11,900,000	38,696,349

Source: Bank Records

2006 QUALIFIED INVESTMENT ACTIVITY

2006 Qualified Investments	Carryover from Prior Years (Book Value)	New 2006 Investments (Purchase Value)		TOTAL
	Amount	#	Amount	Amount
Mortgage Backed Securities	86,534,974	5	40,300,858	126,835,832
Municipal Utah Housing Bonds	5,565,000	0	0	5,565,000
University Opportunity Fund Equity Investment	2,500,000	1	2,500,000	5,000,000
FDIC Deposit UCB Credit Union	0	1	100,000	100,000
Qualified Grants & Donations	0	48	734,462	734,462
Total Qualified Investments	94,599,974	55	43,635,320	138,235,294

Source: Bank Records

COMBINED 2007 CDL/CDI GOALS

Plan Year	Bank Performance		Bank Established Goals			
	Actual CDL/CDI Activity		CDL/CDI Volume Needed to Achieve Satisfactory Performance		CDL/CDI Volume Needed to Achieve Outstanding Performance	
	As a % of Avg. Assets	Stated in \$	As a % of Avg. Assets	Stated in \$	As a % of Avg. Assets	Stated in \$
2007	1.15%	269,081,412	0.80%	187,370,430	1.00%	234,213,038

Source: Bank Records

As the above table indicates, the bank has met its combined 2007 CDL/CDI goals for outstanding performance.

The following tables breakout the actual investment/loan activity:

2007 QUALIFIED CDL ACTIVITY

Year	Agency	Loans/Commits Carried Forward	2007 Loan Commits/ Acquisitions	Total 2007 CDL Activity
2007	Utah Housing Corporation	3,283,083	0	3,283,083
	Community Development Corp (CDC)	3,000,000	0	3,000,000
	Utah Community Reinvestment Corp	6,200,000	0	6,200,000
	Salt Lake Community Action Program	248,535	0	248,535
	Provo Neighborhood Housing	350,000	0	350,000
	Sprenger Lang Foundation *	11,000,000	0	11,000,000
	Volunteers of American	10,000,000	0	10,000,000
	Children's Treehouse Museum	0	750,000	750,000
	Homestead Community Financing	0	500,000	500,000
	Georgia Industrial Children's Home *	0	250,000	250,000
	Children's Home Society of Washington *	0	1,100,000	1,100,000
	Maranatha Foundation *	0	5,000,000	5,000,000
	The JARC Foundation *	0	2,500,000	2,500,000
	2007 CDL Totals	34,081,618	10,100,000	44,181,618

*These entities are located out of the bank's immediate assessment area and wider regional area; however, loans extended to them reflect only 7% of total CDL/CDI during 2007. Source: Bank Records

2007 QUALIFIED INVESTMENT ACTIVITY

2007 Qualified Investments	Carryover from Prior Years (Book Value)	New 2007 Investments (Purchase Value)		TOTAL
	Amount	#	Amount	Amount
Mortgage Backed Securities	104,620,254	13	95,530,259	200,150,513
Municipal Utah Housing Bonds	585,000	6	18,560,000	19,145,000
University Opportunity Fund Equity Investment	4,853,410	0	0	4,853,410
FDIC Deposit UCB Credit Union	100,000	0	0	100,000
Qualified Grants & Donations	0	43	650,871	650,871
Total Qualified Investments	110,158,664	62	114,741,130	224,899,794

Source: Bank Records

The following details the specific loans extended by UBS during 2005 through 2007:

COMMUNITY DEVELOPMENT LENDING (CDL)

- **Utah Housing Corporation (UHC)** – UBS purchased a 100 percent interest in a \$4.2 million loan pool from the Utah Housing Authority, in 2005, for the purpose of funding first time home buyers in Utah.
- **Community Development Corporation (CDCU)** – In December 2004, UBS extended a \$3,000,000 revolving line of credit to the CDCU to fund the acquisition and rehabilitation of existing single family dwellings, for LMI individuals throughout Utah. UBS extended the loan for the exclusive purpose of allowing CDCU to become the first Utah participant in the Asset Control Area (ACA) Program run by HUD. Participation in the ACA Program is limited to non-profits and local governments. CDCU is a 501(c) (3) non-profit agency that, since its inception 14 years ago, has assisted more than 1,500 LMI families become homeowners in numerous rural and urban Utah communities. This loan was fully funded in 2005.
- **Utah Community Reinvestment Corp. (UCRC)** – UBS extended a \$6.2 million funding commitment to the UCRC loan pool in 2005. The funds were used to help fund 2 affordable housing developments providing 83 new units. In 2006, the bank helped fund 3 additional developments establishing 59 units, and in 2007, the bank help fund 5 additional projects, creating 80 more affordable housing units.
- **Salt Lake Community Action Program (CAP) – Head Start** – UBS participated in a 1/3 interest (\$315,000) of a total \$950,000 loan to construct a new 10,000 square foot Head Start educational facility. Salt Lake CAP Head Start provides vital community services, including health, social, and early childhood educational services targeted to benefit LMI children and their families in Salt Lake and Tooele Counties. Head Start also provides community services targeted to LMI adults. Head Start serves more than 2000 families each school year, and this new facility will enable Salt Lake CAP Head Start to expand its community services to a larger number of low-income children and their families. This line paid down to \$260,081 in 2006, and to \$248,535 by year-end 2007.
- **Children’s Treehouse Museum** – In 2005, the bank purchased a \$1.5 million participation in a \$2.16 million construction to the Children’s Treehouse in Ogden, Utah. The location of the museum is on the former Ogden City Mall site, which is in a low-income tract and is also within the HUD approved Neighborhood Revitalization Strategy Area in downtown Ogden. This area has been identified by the City of Ogden as part of its master plan for redevelopment of the downtown area.
- **Midtown Community Health Center** - In 2006, the bank purchased a 50 percent interest in a \$1.5 million term loan to help construct the Midtown Community Health Center of Ogden in 2006. This clinic serves the medical needs of indigent and low- income individuals who would typically not have access to health care.
- **Volunteers of America** – UBS extended a \$10 million line of credit to this entity from the bank’s national affiliate, and through the bank’s securities based lending program. Volunteers of

America is a non-profit organization that operates human service programs in Salt Lake, Davis, Tooele, San Juan, Carbon, Grand, and Emery Counties and serves thousands of individuals each year. The programs include the areas of homeless outreach, substance abuse detoxification and treatment, and senior services. The goal of Volunteers of America Utah is to provide a continuum of services for individuals in need, to foster self-sufficiency, and to provide opportunities for volunteer involvement.

- **Provo Neighborhood Housing** – In 2006, UBS extended a \$350,000 line of credit to acquire and rehabilitate single family dwellings to LMI families located in a redevelopment zone in Provo, Utah.
- **Sprenger Lang Foundation** – In 2005, the bank extended an \$11 million line of credit to renovate the Atlas Theater, located in a designated redevelopment zone of Washington, DC. This building is located in a moderate-income tract with a minority population of nearly 80 percent. The renovation initiated a revitalization of the neighborhood by attracting ancillary businesses.
- **Homestead Community Financing** – A \$500,000 revolving line of credit was extended in 2007 to eligible affordable housing developers to make affordable loans to individuals making 60 percent or less of MFI, throughout the western states including Utah.
- **Marantha Foundation** – A \$5 million line of credit extended in 2007 to acquire and renovate the Connecticut shelter for battered children and women. This loan was extended by UBS in its normal course of business, as a wealth client of UBS Financial Services, Inc.
- **The JARC Foundation** – A \$2.5 million credit line to pay-off existing debt used to acquire real estate and provide liquidity for operating expenses. JARC is a non-profit that gives assistance to disabled LMI youth, adults, and their caregivers.

COMMUNITY DEVELOPMENT INVESTMENTS (CDI)

The following table details the bank's qualified CDI activity during the 2005 - 2007 assessment period:

- **Mortgage Backed Securities (MBS)** – During the reporting period, UBS purchased 24 pools of MBS totaling \$56,855,658. Underlying these pools, are over 460 single family mortgages extended to LMI individuals, and an 81 unit multi-family apartment complex with a majority of units being dedicated to LMI tenants.
- **Utah Housing Corporation Municipal Bonds** – UBS purchased two pools of affordable housing bonds, at \$2.5 million each, issued by the Utah Housing Corporation (UHC). UHC is the largest provider of affordable housing assistance in Utah, and offers numerous home purchase assistance programs to LMI residents of Utah.
- **University Opportunity Fund, LLC (UOF)** – UBS was the lead investor (\$2.5 million of a total of \$5 million) in the initial closing of the UOF, a highly innovative community development venture capital fund. In 2006, UBS purchased the remaining \$2.5 million. This fund was organized to promote community development and to support the mission of the University

Venture Fund (UVF), a Utah 501(c) (3) non-profit corporation that serves as the managing member of the fund. The UOF is a collaborative effort between students, the Utah University's Business School, and members of the banking and the venture capital communities to promote community development by providing growth capital to small businesses and educating students. As lead investor, UBS has stipulated in its agreement with fund management, that the fund's primary purpose is to facilitate community development by investing in small businesses that meet the size and purpose test to qualify for CRA credit. During the 3 year assessment period, the fund invested in 13 small start-up businesses.

- **FDIC Deposit UCB Credit Union** – UBS purchased an FDIC deposit in this Utah Credit Union for Utah blind and visually impaired individuals.

QUALIFYING DONATIONS – During the 3 year assessment period, UBS provided a non-cumulative total of \$1.69 million in qualifying donations to a diverse group of non-profit, charitable, and education based entities, as well those that promote new business development. UBS directs qualified charitable donations to organizations that focus on underserved youth and community development, with particular emphasis on affordable housing, educational programs, and other out-reach services that benefit children.

GOAL 2 : COMMUNITY DEVELOPMENT SERVICE TEST

UBS Service Goal: Bank employees will achieve a total volume of qualified service hours for each Plan Year equal to a predetermined level of hours established for either “Satisfactory” or “Outstanding” performance.

UBS has met the requirements established under its Plan for an overall “Outstanding ” rating under the service test. On behalf of UBS and in-line with its Plan, bank employees have contributed significant time, expertise, and resources to entities that assist LMI individuals and small business development. The following discussion details the bank’s 2005-2007 CDL/CDI goals and its efforts in meeting these goals.

Plan Year	Qualified Community Service	Actual Bank Performance	Bank Established Goals	
			Hours For Satisfactory Performance	Hours For Outstanding Performance
2005	UBS Employee Hours Dedicated to Community Service Activities	333 hours	225 hours	275 hours
2006	UBS Employee Hours Dedicated to Community Service Activities	451 hours	275 hours	325 hours
2007	UBS Employee Hours Dedicated to Community Service Activities	441 hours	325 hours	400 hours

Source: Bank Records

Representatives of UBS have attended numerous community meetings to discuss affordable housing and small business development needs within its assessment area. Bank officers have held positions as Board members and committee members of several community service agencies designed to assist

the development of at risk youth residing in disadvantaged areas of its community. Staff has provided a large volume of service hours providing financial literacy to LMI students and adults.

RESPONSE TO COMPLAINTS

The bank has not received any CRA related complaints since the previous Compliance Examination.

FAIR LENDING OR OTHER ILLEGAL PRACTICE REVIEW

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.